

Tariq Niazi -NYS Consumer Protection Board

FERC SMD Technical Conference - Panel II End Use Sector Representative

Thanked members of FERC and opened comments by presenting background information on the NYS Consumer Protection Board;

Commented on five areas of concern:

I. Rate Pan-caking

- Supports elimination of rate pan-caking. Views current structure as an “impediment” to the markets, which, if removed would “benefit everyone.”
- Commented that the cost benefit study by NYISO and ISONE for the NERTO process produced savings of about \$220 million in the first five years, of which \$142 million can be attributed to the elimination of pan-caked rates.
- Fully supports the efforts of the ISOs to eliminate pan-caked rates in 2004, and asked FERC to take measures to eliminate these rates if the ISOs are unable to come to an agreement.
- Commented that the NYISO, PSC and T.O.s are cooperating on this effort, and supports ensuring T.O.s are made whole for any loss of revenue, with the understanding that revenue losses from the elimination of rate pan-caking would be a fraction of the savings to the markets.

II. Seams

- Supports continued efforts to eliminate seams; noted that if seams are eliminated, and rate pan-caking is addressed, that all of the benefits of the NERTO proposal will have been gained

III. RAM Process

- Supports the RAM process with the ISOs, but is concerned that the members of the End Use Sector cannot fully participate in the process because of the multiple meeting locations and associated costs to travel. Tariq requested that the NYISO bring more details on the process to the NY Market Participants in the Committees and appropriate working groups. He also asked that, given the progress of the RAM efforts, more details were needed as soon as possible for Market Participant review.

IV. VRD

- The End Use Sector supports exploring further the Virtual Regional Dispatch proposal.
- As with the RAM process, asked that the NYISO provide more details to NY Market Participants in the Committees and appropriate working groups.

V. Inter-regional Ancillary Services

- Commented on discussions to provide for sharing of Ancillary Services between control areas; his understanding is that sharing of services would require extensive software programming. He noted that such extensive software implementations must provide greater savings to the markets than the cost to develop and deploy the programs.
- The End Use Sector feels that discussions can proceed between PJM, ISO-NE and the NYISO on this issue, but any major investment commitments should not be made until Market Participants are clear that these changes are compatible with the markets, and that duplication of efforts is minimized.